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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, SEPTEMBER 7, 2000

APPLICATION OF

DOMINION ENERGY DIRECT SALES, INC.

CASE NO. PUE000349

For a license to conduct
business as a competitive
service provider in electric
and natural gas retail access
pilot programs

ORDER GRANTING LICENSES TO PROVIDE
ELECTRIC AND NATURAL GAS SERVICE

On August 1, 2000, Dominion Energy Direct Sales, Inc. ("DEDS" or "Company"), completed an application for licensure to conduct business as a competitive service provider. DEDS states that it seeks to provide commercial and industrial electric and gas commodity sales in Virginia in conjunction with the retail access pilot programs of Virginia Electric and Power Company, Appalachian Power Company d/b/a American Electric Power, Rappahannock Electric Cooperative, Washington Gas Light Company, and Columbia Gas of Virginia, Inc. DEDS is an affiliate of Virginia Electric and Power Company and CNG Retail Services Corporation.¹

¹ On August 23, 2000, CNG Retail Services Corporation was granted a license to participate as a competitive service provider in the electric retail access pilot program of Virginia Electric and Power Company. Order Granting License to Provide Electric Service, Application of CNG Retail Services Corporation For a license to conduct business as a competitive service provider in

On August 4, 2000, the Commission issued its Order for Notice and Comment, establishing the case, requiring that notice be published in newspapers of general circulation within the geographical areas approved by the Commission for each pilot program in which DEDS seeks to participate, and requiring the Commission's Staff to analyze the reasonableness of DEDS' application and present its findings in a Staff Report to be filed on or before August 29, 2000. No comments from the public were received.

On August 25, 2000, DEDS filed proof of publication of the public notice required by the Commission in its August 4, 2000, Order for Notice and Comment. DEDS noted that the proof of publication was due to be filed on August 23, 2000, but requested that the Commission accept the filing as made out of time.

On August 29, 2000, a Staff Report was filed concerning DEDS' fitness to provide competitive electric and natural gas service. The Staff concluded that DEDS meets the technical fitness requirements for licensure. The Staff also discussed DEDS' request for a waiver of 20 VAC 5-311-50 A 12 a of the Interim Rules, which requires an applicant to file an audited balance sheet and income statement for the most recent fiscal

electric retail access pilot programs, Case No. PUE000352, Document Control Center No. 000830341.

year, as well as published financial information, if available. In lieu of filing the required documents, DEDS filed audited financial statements of its parent holding company, Dominion Resources, Inc. ("DRI"), stating that DEDS intends to rely on the resources of DRI to provide financial backing and to satisfy capital needs. Additionally, DEDS supplied a letter signed by an officer of DEDS' immediate parent company, Dominion Energy, Inc. ("DEI"), in which DEI confirmed that it would be responsible for any obligations incurred by DEDS as a competitive service provider. Based on this information, the Staff recommended that DEDS be granted the requested waiver and that the Company be granted a license to provide electric and natural gas commodity sales to commercial and industrial customers in all approved retail access pilot programs.

On August 31, 2000, DEDS filed with the Commission a statement that it has no comment on the Staff Report. DEDS requested that its licenses be issued as expeditiously as possible.

NOW UPON CONSIDERATION of the application, the Staff Report, and the applicable law, we find that DEDS' application to provide electric and natural gas commodity sales should be granted.

Accordingly, IT IS ORDERED THAT:

(1) DEDS' August 25, 2000, motion to file out of time the proof of publication of newspaper notice hereby is granted.

(2) Dominion Energy Direct Sales, Inc., hereby is granted license no. PE-5 to provide electric commodity sales to commercial and industrial customers in conjunction with the retail access pilot programs of Virginia Electric and Power Company, Appalachian Power Company d/b/a American Electric Power, and Rappahannock Electric Cooperative.

(3) Dominion Energy Direct Sales, Inc., hereby is granted license no. PG-3 to provide natural gas commodity sales to commercial and industrial customers in conjunction with the retail access pilot programs of Washington Gas Light Company and Columbia Gas of Virginia, Inc.

(4) DEDS hereby is granted a waiver of 20 VAC 5-311-50 A 12 a of the Interim Rules Governing Electric and Natural Gas Retail Access Pilot Programs, 20 VAC 5-311-10 *et seq.* ("Interim Rules").

(5) These licenses to act as a competitive service provider are granted subject to the provisions of the Interim Rules, this Order, and other applicable statutes.

(6) These licenses shall expire upon termination of all respective pilot programs unless otherwise ordered by the Commission. These licenses are not valid authority for the provision of any product or service not identified within either

of the licenses themselves and for which such a license is required.

(7) Failure of DEDS to comply with the Interim Rules, the provisions of this Order, other applicable Federal Energy Regulatory Commission or State Corporation Commission orders and rules, or other state or federal laws may result in an enforcement action by the Commission including, without limitation, the revocation, suspension, or modification of the licenses granted herein, the refusal to renew such licenses, the imposition of appropriate fines and penalties, or such other additional actions as may be necessary to protect the public interest.

(8) This case shall remain open for the consideration of any subsequent amendments or modifications to these licenses.